

VIRGINIA DEPARTMENT OF HEALTH

FINANCIAL MANAGEMENT OF YOUR GRANT



**GUIDELINES FOR RYAN WHITE PART B SUB-GRANTEES (CONTRACTORS)
COMPANION TO HIV CARE SERVICES CONTRACTOR GUIDELINES - 2013**

DIVISION OF DISEASE PREVENTION

*Updated and Revised
July 2013*

FINANCIAL MANAGEMENT OF YOUR GRANT

Financial Management System:

Sub-grantees (contractors) are required to meet the standards and requirements for financial management systems referenced in the Code of Federal Regulations, 45 CFR 74.21, found at <http://cfr.vlex.com/vid/74-21-standards-financial-management-systems-19932432>.

These standards require that adequate financial systems must be maintained to:

- Provide accurate, current, and complete financial information about the award and provide necessary financial reports.
- Maintain records that adequately identify the sources and purposes that the award was used including appropriate authorizations and obligations. The accounting records must be supported by adequate source documentation.
- Maintain and ensure effective internal control over all funds, property and other assets. All assets must be used solely for authorized purposes.
- Comparison of actual expenditures with the approved budget for each grant award.

Financial Records:

Sub-grantees (contractors) agree to retain all financial books, records, and other financial documents relative to their Agreement for five years after final payment, or until audited by the Commonwealth of Virginia, whichever is earlier. Office of Epidemiology (OEpi), authorized agents, and/or State auditors have full access to and the right to examine any of said materials during said period.

Allowable Costs:

Office of Management and Budget (OMB) cost principles (A-87, State, Local and Indian Tribal Governments; A-122, Non Profit Organizations & A-21, Cost Principles for Educational Institutions), Health and Human Services (HHS) Program Regulations, and the terms of the contract will be used to determine if costs are reasonable, allocable, or allowable.

All sub-grantees (contractors) are subject to OMB Circular A-133 which requires that an A-133 audit be conducted for all grantees and sub-grantees (contractors) receiving more than \$500,000 per year in federal grants (all federal funds). A copy of the latest A-133 audit must be submitted to your HIV Services Coordinator.

Indirect costs are capped at 10% and may be applied when the sub-grantee has a certified HHS – negotiated rate approved by the Health Resources and Services Administration (HRSA) using the Certificate of Indirect Costs. The approved Certificate of Indirect Costs must be submitted to VDH with your invoice for reimbursement. Nonprofit organizations that do not receive funds directly from the federal government are not eligible to request an indirect cost plan rate.

Organizations that do not have an approved indirect cost allocation plan may request reimbursement for actual administrative expenses (capped at 10%) with appropriate source documentation. The administrative expenses must be allocated with an appropriately documented methodology to ensure that only a fair share is charged to the Ryan White program. Eligible allocable administrative expenses include:

- Usual and recognized overhead such as rent, utilities, and facilities costs
- Costs for **program specific** management oversight including program coordination, clerical, financial, and management staff not directly related to patient care
- Program evaluation
- Liability insurance
- Audits
- Computer hardware/software not directly related to patient care

NOTE: All requests for computer hardware, software, or similar equipment must be submitted to VDH for prior approval to ensure that it is eligible for reimbursement. Documentation of prior approval must be submitted with the invoice.

The following costs are **unallowable** under the RWB Program:

- No cash payments to service recipients (**Note:** A cash payment is defined as the use of some form of currency {paper or coins}. Gift cards have an expiration date; therefore, they are not considered to be cash payments.)
- Funds may not be used to purchase or improve land, or to purchase, construct, or permanently improve any building or other facility (other than minor remodeling).
- Funds may not be used for non-targeted marketing promotions, advertising (poster campaigns for display on public transit, TV or radio public service announcements, etc.) and broad-scope awareness activities about HIV services that target the general public.
- Funds may not be used for outreach activities that have HIV prevention education as their exclusive purpose.
- Funds may not be used to influence or attempt to influence members of Congress or other federal personnel.

The items listed above are not intended to be all inclusive but to provide guidance.

VDH Invoice Submission Guidelines

Invoice Submission:

Monthly or quarterly payments will be reimbursed 30 calendar days from receipt of the invoice by the DDP, HIV Services Unit. The due dates for invoices are calculated based on 30 calendar days from the date that the invoice is received by the VDH. If there is a dispute regarding the invoice, this will delay payment. In the case of a dispute, the due date is calculated as 30 days from the date the dispute is resolved.

Your HIV Services Coordinator will review the invoice for accuracy and forward to the fiscal office within seven days, unless there is a discrepancy. The HIV Services Coordinator will communicate directly with the sub-grantee (contractor) if a discrepancy is found during the review process until resolved. This dispute information will be documented on the back of the original invoice and forwarded to the fiscal office after resolution. Any disputes discovered in the fiscal office will be forwarded to your HIV Services Coordinator to communicate directly with you for resolution. Once final resolution is reached, the revised invoice will be scanned by the fiscal office and forwarded to your HIV Services Coordinator to forward to you. It is the sub-grantee's responsibility to update the information provided on their invoice sheet so that it will be correct for their next submission. Failure to provide an updated correct invoice will require resubmission which will hold up payment.

Monthly or quarterly requests for payment are due by the 30th of the following month or quarter as specified in the Contract or Memorandum of Agreement (MOA). Please refer to the Division Contract Line Item Format when submitting requests for payments (Attachment 1). The time frame should correspond to the funding time period of your contract. These categories are provided to ensure appropriate ordering of budget categories and placement of line items (Attachments 2 and 3). This document also describes what each line item entails. The invoice should reflect the line items in the approved budget.

Each Contractor must develop a budget that will enable it to comply with uniform administrative requirements to compare actual expenditures or outlays with budgeted amounts for each grant or sub-grant. Each contractor must develop a budget for each grant that it receives. The developed budget will be part of the grant application or competitive procurement process or as part of a grant renewal process. Contractors must develop budgets based on the allocations they receive from VDH. VDH recommends that each contractor include the following procedures for budget development:

- Identify expected allocations by contract, category and year of appropriation; provide the methodology/basis used to allocate costs for different services for the entire program's budget and the percentages applied to the funds to be allocated for a particular RWB service category;
- Identify expenditures by functional classification and cost category;
- Develop written budget justifications that specify the process by which the budget is developed, approved, implemented, monitored and revised; and
- Submit and maintain supporting documentation for budgeted amounts.

All awarded monies must be obligated or spent by the last day of the grant year. "Funds obligated" means there is written documentation between you and a vendor/provider for the service or products; however, the contractor has not yet received the actual bill or invoice. Unexpended funds may not be carried over to the next funding year. However, contracts can be extended as long as the extension is still within the same grant period. Should match the actual wording used in the definition as outlined in 45 CFR Part 92.

The contractor shall be paid on the basis of invoices submitted, completion of objectives, and submission of required reports. VDH may elect to withhold payment if contractual obligations are not met. For example, if the contractually required monthly reports are not submitted, then payment will be withheld until they are received.

The grant program name, FIN/EIN number and **full** contract number must be on request for payments so that they will be routed to the correct HIV Services Coordinator. Invoices and requests for payment must be mailed. FAXED INVOICES will NOT be accepted. Occasionally the contractor may need to send in an invoice faster than through the mail. In those circumstances, at the discretion of the HIV Services Coordinator, invoices may be sent through email in a PDF format or scanned into a jpeg file. A copy of the e-mail must accompany the invoice that will be attached for fiscal review.

Supporting Documentation:

Monthly invoices must be accompanied by sufficient documentation to determine that costs are for eligible clients, reasonable, and allowable under the grant. The source documentation must serve as suitable backup to provide auditable files. Supporting documentation must be provided for the **line item expenditures included on the invoice**. Invoices, receipts, and proof of payment are required to receive reimbursement.

Each invoice must include the following signed and dated certification to be valid:

I certify that this request for disbursement of funds has been reviewed by me and is accurate to the best of my knowledge and belief. The amounts itemized are considered to be legitimate and proper charges to the grant award indicated and are approved for payment. These charges have not been previously authorized or requested for payment. This certification applies to goods or services received or performed and travel expenses.

Salaries and Fringe Benefits:

For salaries and fringe benefits, a spreadsheet or word document must be submitted that includes the employee name (as it appears on the payroll-no nicknames), with the amount of salary and fringe benefits that are being charged to the contract broken down by person. The spreadsheet should have a column for salary, fringe benefits, and total per employee. If an employee's salary and fringe benefits are allocated to more than one grant, an additional column must be added to show the remainder of the salary and fringe benefits distributed to "other funding streams". It is not required to identify specific grant programs categorized in "other funding streams". It is generally not necessary to submit timesheets and other documents with the reimbursement request; however, they may be requested by your HIV Services Coordinator if deemed necessary. These documents must be maintained and available for review during the monitoring site visits.

A statement must be included with the spreadsheet that verifies that time and effort is being maintained on site for all of the employees that are being charged to the grant and will be available for review on site. Below is an example of the required submission:

April, 2012

Employee		Grant #1 (enter grant title)		Other Funding Streams		Total	
Last Name	First Name	Salary	Fringe	Salary	Fringe	Salary	Fringe
Trump	Peter	\$ 270.00	\$ 32.40	\$ 270.00	\$ 32.40	\$ 540.00	\$ 64.80
Bush	Taylor	\$ 175.50	\$ 21.06	\$ 175.50	\$ 21.06	\$ 351.00	\$ 42.12
Hall	Alan	\$ 367.50	\$ 44.10	\$ 367.50	\$ 44.10	\$ 735.00	\$ 88.20
Hale	Danny	\$ 185.95	\$ 22.31	\$ 185.95	\$ 22.31	\$ 371.90	\$ 44.62
Timely	Elvis	\$ 195.00	\$ 23.40	\$ 195.00	\$ 23.40	\$ 390.00	\$ 46.80
Esther	Brenda	\$ 396.50	\$ 47.58	\$ 396.50	\$ 47.58	\$ 793.00	\$ 95.16
Freely	Isaac	\$ 39.00	\$ 4.68	\$ 39.00	\$ 4.68	\$ 78.00	\$ 9.36
Romig	Karen	\$ 177.83	\$ 21.34	\$ 177.83	\$ 21.34	\$ 355.66	\$ 42.68
Parker	David	\$ 948.75	\$ 113.85	\$ 948.75	\$ 113.85	\$ 1,897.50	\$ 227.70
Hayes	Rachel	\$ 236.74	\$ 28.41	\$ 236.74	\$ 28.41	\$ 473.48	\$ 56.82
Woods	Sharon	\$ 546.00	\$ 65.52	\$ 546.00	\$ 65.52	\$ 1,092.00	\$ 131.04
Buquet	Mercy	\$ 84.50	\$ 10.14	\$ 84.50	\$ 10.14	\$ 169.00	\$ 20.28
Total		\$ 3,623.27	\$ 434.79	\$3,623.27	\$434.79	\$ 7,246.54	\$ 869.58

_____ certifies that Time and Effort records are completed and maintained on site for VDH review during monitoring visits. The Time and Effort records confirm the percentage of time and funding source for the employees shown above. VDH will have access to these records for up to five (5) years following closeout of the grant.

Signature

Title

Date

NOTE: If salaries are being reimbursed for staff such as a physician and they bill Medicaid or another provider and receive a reimbursement it is considered program income. The program income must be tracked to show how it was earned and expended. The sub-grantees (contractors) are allowed to use the program income to provide allowable services or as additional administration above the 10% cap. They can use it for rent, etc. If this situation exists, it must be reported to your HIV Services Coordinator.

Travel:

Documentation must be provided to show proof of payment of the travel reimbursement, a copy of the reimbursement voucher, itemized hotel bills obtained at the time of checkout, rental car receipts, meal receipts and gas receipts if applicable. If hotel rooms are obtained through internet providers (Priceline, Expedia, Orbitz, Travelocity, etc.) the traveler must submit a copy of the

final page from the Internet site that shows total costs and confirmed services. Mileage may be reimbursed at the official Internal Revenue Service (IRS) rate which is 56.5 cents per mile effective January 1, 2012 for business travel. An analysis must be conducted to determine the most cost effective mode of transportation (rental car or personal mileage) for each trip that

exceeds 100 miles. The analysis must be submitted with the invoice. Receipts are required for parking and toll expenses that exceed \$20.00. Any travel expenses will be reimbursed as per the current, state approved travel regulations available at http://www.doa.virginia.gov/Admin_Services/CAPP/CAPP_Main.cfm (Topic #20335). Travel reimbursements cannot exceed the established limits.

The purpose of the trip must be documented on the travel voucher to clearly identify which portion of the travel is related to the RWB program. Any unusual charges on the travel voucher must be fully documented. The travel voucher must contain the number of miles traveled point to point. A MapQuest will be required if the miles requested for reimbursement exceed 100 per day.

If reimbursement is requested for training or meeting attendance, an agenda must be submitted including information about any meals that were provided or included in the registration fee, the location and the purpose should be clearly documented.

Taxi fare for staff travel will not be reimbursed except for some situations concerning out of town travel (such as travel from an airport to a hotel). Justification for use of taxi's out of town must be submitted with your invoice.

Equipment:

All requests for computer hardware regardless of acquisition cost must be submitted to VDH for prior approval to ensure that they are eligible for reimbursement. Documentation of prior approval must be submitted with the invoice.

Provide a copy of the receipt and proof of payment for equipment and any related expenses in this category.

Supplies:

Provide a copy of the receipt and proof of payment for all supplies or incentives such as gift cards. Cash payments may not be made directly to clients. Gift cards (e.g. food store, gas) normally have an expiration date; therefore, they are not considered to be cash payments. Contact your contract monitor for approval before purchasing gift cards for your program.

Contractual:

Provide a copy of the contractor's invoice for services rendered and proof of payment. If a contractual cost is recurring, provide a copy of the contractual agreement annually to your HIV Services Coordinator.

For consortia, it is incumbent upon the lead agency to certify that they have reviewed and agree with the subcontractor charges they are submitting to VDH for payment. The lead agency must sign the subcontractor invoice or include a statement or an e-mail that they reviewed and agree with the submitted charges.

Other:

Provide a copy of the invoice for services and proof of payment. If the payment is for rent, provide a copy of the lease or rent agreement indicating the agreement period and rental amount (annually). Provide a copy of the check or record of electronic transmittal of the payment with the month of the payment noted on the memo line with the monthly or quarterly invoices.

For utilities including telephone, water, electric, etc., provide a copy of the invoice and proof of payment. The month that the payment is related to must be noted on the invoice. The entire invoice must be provided as part of the documentation. For Ryan White purposes only, rent and utilities are considered Administrative costs.

NOTE: Late fees and penalties charges are not allowable expenses. Charges must be reasonable and directly related to the grant purpose. Contractors that divide costs for specific line items across multiple grants programs/funding sources should indicate on the documentation what portion or amount is being charged to the request being submitted.

Indirect Costs:

Indirect costs are capped at 10% and may be applied when the sub-grantee (contractor) has a certified HHS –negotiated rate approved by the Health Resources and Services Administration (HRSA) using the Certificate of Indirect Costs. The approved Certificate of Indirect Costs must be submitted to VDH with your invoice for reimbursement. Nonprofit organizations that do not receive funds directly from the federal government are not eligible to request an indirect cost plan rate. The HRSA Certificate of Indirect Costs will determine the base used to calculate the indirect costs.

Organizations that do not have an approved indirect cost allocation plan may request reimbursement for actual administrative expenses (capped at 10%) of direct costs with appropriate source document. The administrative expenses must be allocated with an appropriately documented methodology to ensure that only a fair share is charged to the RWB program.

Miscellaneous:

Please put the grant program name, *full* contract number and Federal Tax ID number (FIN) on each request for payment. Also, include on the payment request the name, phone number and email address of the individual to contact with any questions. This will help to expedite the payment request. Contractors must request reimbursement for the exact amount of money spent in each budget line item. VDH does not allow contractors to round costs to the nearest dollar.

All invoices should be addressed to Diana L. Jordan, the Director for the Division of Disease Prevention. Please see the proper address listed below

Diana L. Jordan, RN, MS, ACRN
Director
Division of Disease Prevention
P.O. Box 2448, Rm 326
Richmond, VA 23218

Payment:

Since contractors will be receiving multiple payments over the course of the year, the Commonwealth of Virginia has mandated that they be set up to receive electronic payments. The Virginia Department of Accounts (DOA) handles the set up of the Electronic Data

Interchange (EDI) payments. VDH has no responsibility other than to notify and monitor for compliance. Contractors are encouraged to visit the DOA, EDI web page at http://www.doa.virginia.gov/General_Accounting/EDI/EDI_Main.cfm for information concerning this requirement.

General Compliance Mandates:

- Each contractor, lead agency and subcontractor is required to prepare a COOP to ensure continued access to essential services and care for all clients, including their Ryan White and State funded clients, in case normal operations cannot continue (in case of a disaster or emergency). This plan should be reviewed and updated annually.
- Contractors/subcontractors shall provide a budget at the beginning of the grant year that projects anticipated program income. The budget shall provide a description of how the program income will be used to further the objectives of the RWB Program.
- All contractors/subcontractors shall report the actual program income receipts that were received during the month or billing period on the invoice billing statement. The revenue received shall be traceable through the subcontractor's medical practice management system or other auditable system.
- "Any expenditure deemed unallowable by VDH or its federal granting agency due to unallowable activities or misuse of funds by contractors or their subcontractors shall be repaid to VDH with non-federal funds in a timeframe prescribed by VDH. VDH will utilize any remedy prescribed by statute to ensure recovery of funds deemed unallowable."
- "Contractors and their subcontractors receiving RWB funds are subject to all federal financial rules and regulations as if they were direct RWB grant recipients. Grantees can find relevant information regarding the administration of grants in the following OMB Circulars. (<http://www.whitehouse.gov/omb/circulars>).
- OMB Circular A-102 - *Grants and Cooperative Agreements with State and Local Governments* (codified by the U.S. Department of Health and Human Services [HHS] in 45 CFR Part 92), and
- OMB Circular A-110 - *Uniform Administrative Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations* (codified by HHS in 45 CFR Part 74). A-110 applies to sub-awards and contracts made by State and local governments to organizations covered by this Circular.
- Contractors and their subcontractors must review the Ryan White monitoring standards and ensure systems are in place to comply with all requirements. Links are provided below to ensure access to required information. At a minimum, requirements outlined in these policies will be reviewed and measured for compliance during annual site visits conducted by VDH. More frequent monitoring may be conducted at the discretion of VDH.
<http://hab.hrsa.gov/manageyourgrant/files/universalmonitoringpartab.pdf>
<http://hab.hrsa.gov/manageyourgrant/files/programmonitoringpartb.pdf>
<http://hab.hrsa.gov/manageyourgrant/files/fiscalmonitoringpartb.pdf>"
- Salary Limitation from HRSA requirements: The Consolidated Appropriations Act, 2012 (P.L. 112-74) enacted December 23, 2011, limits the salary amount that may be awarded and charged to HRSA grants and cooperative agreements. Award funds may not be used

to pay the salary of an individual at a rate in excess of Executive Level II. The Executive Level II salary of the Federal Executive Pay scale is \$179,700. This amount reflects an individual's base salary exclusive of fringe and any income that an individual may be permitted to earn outside of the duties to the applicant organization. This salary limitation also applies to sub-awards/subcontracts under a HRSA grant or cooperative agreement.

As an example of the application of this limitation: If an individual's base salary is \$350,000 per year plus fringe benefits of 25% (\$87,500) and that individual is devoting 50% of their time to this award, their base salary should be adjusted to \$179,700 plus fringe of 25% (\$44,925) and a total of \$112,312.50 may be included in the project budget and charged to the award in salary/fringe benefits for that individual. See the breakdown below:

Individual's <i>actual</i> base full time salary: \$350,000 50% of time will be devoted to project	
Direct salary	\$175,000
Fringe (25% of salary)	\$43,750
Total	\$218,750
Amount that may be claimed on the application budget due to the legislative salary limitation: Individual's base full time salary <i>adjusted</i> to Executive Level II: \$179,700 50% of time will be devoted to the project	
Direct salary	\$89,850
Fringe (25% of salary)	\$22,462.50
Total amount	\$112,312.50